FOR MYSORE STATE

Public Works. (1954) Department.

M SERIES.

G.O. NO. 3555

Dated 12-X-54

Pl.x(2)

Closed

Encl

[Despatch Abstract.]

Elec - Supply to Kollegal by Mysore Govt — Payment of arrears - Papers recorded.

Telephone No. 2110

No. [redacted] 0988

ENCLO. Copy & letter & Bill in Dup

Telegraphic Address
'GOMED'

GOVERNMENT OF MYSORE
ELECTRICAL DEPARTMENT

OFFICE OF THE CHIEF ELECTRICAL ENGINEER

Bangalore-1, 11 October 1951.
(Mysore, S. India)

The Secretary to Government,
Public Works Department,
Government of Madras,
Fort St. George,
M A D R A S.

Sir,

87745

Electricity - supply to Kollegal by the Government of Mysore.

I am forwarding herewith a bill for Rs.1,769/9/- towards income Tax paid on the revenue of power supply to Kollegal during 1950-51 for kindly arranging payment to this Department under clause 17 of the agreement under renewal. A copy of the memo No. XNDis.1538-A2/51 dated 11-9-1951 of the Sericultural Expert is also enclosed for kind information.

Yours faithfully,
R. Chandy 6/X

CHIEF ELECTRICAL ENGINEER.

P.W(S-I).

bb/17.10 Endt No 87745 S/5 Dated 16.10.51.

Copy forwarded to the CE (CE) for remarks.

15/10/51

16.10.51

c/c. DA #1 to S-I

8758.

To the CE (CE)
(with copy of P I note and pp 3-7 CF to be retd with ref)

Dated 11-9-51

Memo No.XN.Dis.1538-A2/51/from the Sericultura Expert, Kollegal, to the Deputy Chief Electrical Engineer, Bangalore.

Returned.

The claim preferred in your bill No.13 of 17-8-51 enclosed to your letter No.22701 dated 20-8-1951 does not relate to us as the power supply to the factory was made by the Madras Electricity Department.

Sd.
Sericultural Expert.

" COPY "

G. Chandy 6/d

Chief Electrical Engineer.

18/9/51

DUPLICATE

C. P. W. No. 24]

To The Silk Exchange ..... Dr.
Kollegal Silk Filatures

GOVERNMENT OF MYSORE ELECTRICAL DEPARTMENT
Kollegal.

LL No. 12/Receipt .....

Date	Particulars	Amount	Remarks
	The Income Tax Clearance Certificate from the Madras Govt. on the Power supply for the year 1950-51	769 9 -	
		Rs 769-9-0	
	Content Received payment by Rupees Treasury Challan No. and Book No. and dated		
	Please account for the same in favour of the undersigned		

Reference .....

Bangalore 7-2-1951 19 .. } Manager

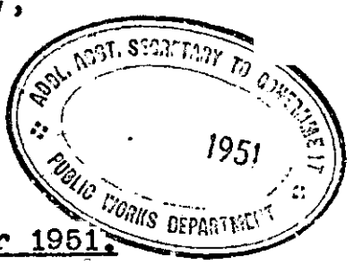
Kollegal 17/2/51 Sectional Officer
Depot Officer Electrical

The Kugan Press, Bangalore—100 Books of 100 sheets each in Triplicate

Government Electricity Department.

From

The Chief Engineer for Electricity,
157, Mount Road, Madras.



To

The Secretary to Government,
Public Works Department,
Madras.

No.735-E/49-19, dated 2nd November 1951.

Sir,

94864

Sub: Electricity - Supply to Kollegal by the Government of Mysore.

...

Ref: Government Endorsement No.87745-S/51-1 dated 16-10-51.

(E)

With reference to the provisions of clause 17 of the agreement for supply to Kollegal, which is under renewal, we have agreed to re-imburse the Mysore Government the amount of any Income Tax paid on the revenue earned by them for power supply under the agreement. But the bill received with the Government Endorsement cited states that the amount is "incometax paid to the Ma-dras Government on the power supply for the year 1950-51". Income tax is payable to the Central Government and the claim is therefore not clear. I request that the Mysore Government may be requested to furnish further details as to how the amount has been arrived at.

Further, it is not understood how incometax is leviable on the Mysore Government Electricity Department for supply of energy to this Department.

If it is leviable, the Madras Government may also have to pay tax on the bulk supply given by this Department to Travancore. This may please be elucidated.

The enclosures received with the Government Endorsement are returned herewith.

Encl: 3.

For Chief Engineer for Electricity

31-10

Telephone No. 2110

No. 33 886

ENCLO. Bill in Dup

Telegraphic Address:
'GOMED'

GOVERNMENT OF MYSORE
ELECTRICAL DEPARTMENT

OFFICE OF THE CHIEF ELECTRICAL ENGINEER

Bangalore-1, 7 Nov. *1951.*
(Mysore, S. India)

ADDL. ASST. TO GOVERNMENT
9 - NOV 1951
PUBLIC WORKS DEPARTMENT

The Secretary to Government,
P.W.D. Government of Madras,
Fort St. George,
MADRAS.

Sir,

95879

Electricity supply to Kollegal by Government of Mysore.

Further to this office letter No.29988 dated - 11-10-1951, I am forwarding herewith another bill for Rs.2,149-5-0 being the amount of income tax paid on the revenue for the year 1949-50 for kindly arranging payment as the Sericulture Expert, Kollegal reports that it does not pertain to his Department, as the power supply was made by the Madras Electricity Department.

Yours faithfully,

G. Chandy 7/11

Chief Electrical Engineer.

DUPLICATE

C. P. S No. 24 ..... Dr.

To

GOVERNMENT OF MYSORE ELECTRICAL DEPARTMENT

BILL No. ..... EDUR Item 41

51-52

Date	Particulars	Amount	Remarks
CBV No 28 3.2.50	Amount of Quotation paid [illegible]		
SEE Bill No 1431 2.31.50	[illegible]		Item No 41 51-52
	[illegible]	147 5 -	
		2147 5 .	

Rs Two thousand one Hundred and forty five and annas five only

Contents received

please arrange early payments in favour of the undersigned

References .....

Deputy Chief Electrical Engineer

Sectional Officer

HEAD ACCOUNTANT

QUARTERS SECTION

(Madras Press, L.O. No. 869 C.E.E. / 1-4-48—50 Books of 300 P.P.)

Letter No. 87745 S/I/51-3 dated 22-4-52.

To

The Secretary to the Govt. of Mysore, ...
Electrical Department,
General and Revenue Secretariat,
Bangalore.

Sir,

Sub:- Electricity - supply to Kollegal by Mysore Govt. -Payment of Income-tax.

I am directed to state that the Chief Electrical Engineer, Govt. of Mysore, has forwarded to this Govt., 2 bills for Rs.2149-5-0 and Rs.1769-9-0 being the amounts of income tax paid towards the revenue in respect of the supply of electricity to the Silk Filature Factory at Kollegal for the years 1949-50 and 1950-51 respectively. He has requested that necessary arrangements may be made for the payment of the amounts in question to the Electricity Department of the Govt. of Mysore, in pursuance of clause 17 of the agreement between the two Governments now under renewal. The bills referred to above are enclosed herewith.

2. Under Article 289(1) of the Constitution, the property and income of a State shall be exempted from Union taxation, and this will apply also to Part B States. However, Article 289(2) permits the Parliament to impose any tax in respect of a trade or business of any kind carried on by the State Govt. But this clause will not apply to any trade or business which may be declared to be incidental to the ordinary functions of Govt. While the Constitution was in the draft stage, representation was made by the Govt. of Madras that Article 289(2) should be omitted. But an assurance was given by the Govt. of India to the effect that the electricity, irrigation etc., undertakings would be declared to be incidental to the ordinary function of the Govt. This assurance was repeated on the floor of the

Constituent Assembly by Dr. John Matthai who was a member of the Govt. of India at that time, in the following terms:-

> "...I would therefore give this assurance not merely on behalf of the Central Government, but I know I can give this assurance also on behalf of the Drafting Committee who are responsible for this provision that it is not our intention to levy any tax of the kind referred to in this provision, upon industries run by States whose object is to produce services of a public utility character."

It is clear that the levy of the tax for the year 1950-51, that is to say, for the period from the 1st April, 1950, to the 1st April, 1951, was inconsistent with this assurance. The Govt. of India will no doubt refund the amount to the Govt. of Mysore on their attention being drawn to this matter.

As regards the tax levied for the year 1949-50, at least a portion of the period of assessment (1-4-1949 to 31-3-1950) falls after the commencement of the Constitution, viz., the period from the 26th January 1950. So far as this period is concerned the assessment was clearly inconsistent with the assurance. Again, it is a matter of considerable doubt whether the income derived during the period before the 26th January 1950, not having been assessed before the commencement of the Constitution, can be assessed for the first time long after the commencement of the Constitution. No definite liability has been fastened on the Mysore State by making an assessment on the income in question before the 26th January 1950. It is not easy to say how a liability can be fastened upon that State for the first time on the 17th August 1951 when only the notice was served on the Mysore Government by the Income-tax Officer.

3. In view of the position stated, I am to suggest that the Govt. of Mysore may kindly be moved to take up the matter with the Government of India requesting them to withdraw the demand and refund to the Mysore Govt. the sums collected from them.

Y.F.

4.52.

22/4/52

22/4/52

Letter No. 8.77.45-9.|51-4 Dt. 13-6-52.

To

The Secretary to the Govt. of Mysore,
Electrical Department,
General & Revenue Secretariat,
Bangalore.

Sir,

Sub:- Electricity — Supply to Kollegal by Mysore Govt. — Payment of Income Tax.

Ref:- This Govt's letter No. 8.77.45-S|2|51-3 Dt. 22-4-52

pp 17-18 cf

I am directed to invite attention to the letter cited and to enquire what action has been taken by your Govt. in the matter.

12/6/52

13/6/52.

20

P.W.(9.)

Letter No. 87745-S|9|51-5 M|24-7-52.

To

The Secretary to the Govt. of Mysore,
Electrical Department,
General & Revenue Secretariat,
Bangalore

Sir,

Sub:- Electricity – Supply to Kollegal by Mysore Govt. – Payment of Income tax

Ref:- This Govt's letters No. 87745 S|9|51-3 P.W. M|22-4-52 and No. 87745-9|51-4 P.W. M|13-6-52 pp 17-18 ante p. 19 ante

—

I am directed to enquire when a reply may be expected.

M
24|7|52

Y.t.

21

GOVERNMENT OF MYSORE.

No. EDS 1846 | Elel 84-48- General and Revenue Secretariat

Bangalore, dated 4 Aug 1952

FROM

The Secretary to the Government of Mysore,
Electrical Department, Bangalore.

5-AUG 1952
PUBLIC WORKS

To 6197

The Secretary to Government,
Public Works Department,
Government of Madras,
Madras.

Sir,

Subject:- Electricity - Supply to Kollegal by Mysore Government - Payment of Income Tax.

With reference to your letter No.87745-1/51-4 ↳ 19 ante **dated the 13th June 1952 on the above subject, I am directed to state that the Government of India have been addressed in the matter.**

P.W.(9.)

May be filed and the Mysore Govt. may be reminded on 10-9-52 about the stage, if necessary.

6/8/52

6/8/52

Yours faithfully,

1/8/52

(H. Channiah),
For Secretary to Government,
Electrical Department.

BSB/2/1-8/-

23

P.W. (9,)

Letter No. 87745-9/54-6 dt 12-9-52.

To

The Secretary to the Govt. of Mysore,
Electrical Department,
General + Revenue Secretariat,
Bangalore

Sir,

Sub:- Electricity – Supply to Kollegal by Mysore Govt. — Payment of Income Tax.

Ref:- your letter No. E.D.S. 1846/Elect 54-48 dt 4-8-52

—

I am directed to invite your attention to the letter cited and to enquire the stage at which the matter stands at present.

Y.f.

11/9/52

12/9

P.W.(91)

Letter No. 87745-9/52-7 dt 16-10-52.

To

The Secretary to the Govt. of Mysore,
Electrical Department,
General + Revenue Secretariat,
Bangalore

Dated 21/X/52

Sir,

Sub:- Electricity — Supply to Kollegal by Mysore Govt.—
Payment of Income Tax

Ref:- This Govt's. Letter No. 87745-9/52-6 dt 129-52 p.23 ante

I am directed to invite your attention to the letter cited and to enquire when a reply may be expected.

15/10/52

Yours faithfully,

Y.f.

P.W.D.(9.)

Letter No 87745 9/51-8 dated 7.1.53.

To.

The Secy to the Govt of Mysore,
Electrical Dept,
General and Revenue Secretariat,
Bangalore

Sir,

Sub: Elecy - Supply to Kollegal by Mysore Govt - Payment of Income tax.

Ref This Govt's lr No. 87745 9/51-7 d. 16.10.52.

I am directed to enquire when a reply may be expected.

8.1.53.

7.1.53

Y.T.

26

P.W. (91)

Lr. No. 87745 - 91/52

To

The Secretary to the Govt of Mysore,
Electrical Department,
General & Revenue Secretariat
Bangalore

Sir,

Sub: Electricity - Supply to Kollegal by Mysore Govt - Payment of Income tax -

Ref: This Govt's Lr. No 87745 91/52-8 dated 7.1.53

I am directed to enquire at what stage the matter is and when a reply may be expected.

14.2.53.

16.2.53

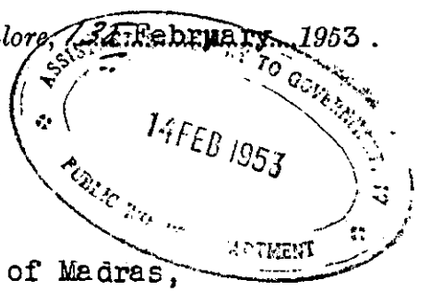
passed

Wd Secy

GOVERNMENT OF MYSORE.

Mysore Government
~~General and Revenue~~ Secretariat,

No. EDS 5160/Elect 121-52-8 one. 13669 Dated Bangalore, 13th February 1953.



FROM

The Secretary to the Government of Mysore,
Electrical Department.

To

The Secretary to Government,
Public Works Department, Government of Madras,
Fort St.George, MADRAS.

SIR,

Subject: Liability to Tax - Mysore State Silk Filature Factory at Kollegal.

- - -

pl 17-18 ante With reference to your letter No.87745-I/51-8, dated the 7th January 1953 on the above subject, I am directed to forward herewith the copy of letter No.C.No.26(31)-IT/52, dated the 15th January 1953 received from the Deputy Secretary to the Government of India, Ministry of Finance (Revenue Division), New Delhi, and to request you kindly to make early arrangements for the reimbursement of the amount of Tax paid by the Government of Mysore.

Yours faithfully,

11/2/53

(H.Channiah)
For Secretary to Government,
Electrical Department.

mab.2.

Letter No.C.No.26(31)-I T/52, dated the 15th January 1953 from the Deputy Secretary to the Government of India, Ministry of Finance (Revenue Division), New Delhi to the Secretary to the Government of Mysore, Electrical Department, Bangalore.

Subject: Liability to tax - Mysore State - Silk Filature Factory at Kollegal.

- - -

With reference to the correspondence resting with your letter No.EDS.3509/Elecl.121-52-6, dated the 13th November 1952 I am directed to say that assuming that the assessment for the year 1950-51 is in respect of profits earned before the 26th January 1950, the assessments in question (for the years 1949-50 and 1950-51) are valid in law. I am, however, to suggest that the proper course for the Mysore Government would be to request the Government of Madras for reimbursement in terms of clause 17 of the Agreement.

"C O P Y"

11/2/53

FOR SECRETARY TO GOVERNMENT
ELECTRICAL DEPARTMENT

2 drafts

I

31 ✓

P.W.(I)

Letter No. 87745-9/51-10 ✓ 2-4-53

To

The Secretary to the Govt. of Mysore,

Electrical Department, Bangalore

Sir,

Sub:- Electricity - Supply to Kollegal by Mysore Govt.
- Payment of Income-tax.

Ref:- your letter No. EDS 5160/Elect. 121-52-8 ✓ 13-2-53

I am directed to ~~enquire~~ request you to furnish this Govt. with information on the extent of profits earned by the Govt. of Mysore prior to 26-1-50 in respect of the supply of electricity to the Silk Filature Factory at Kollegal, to enable him

Y.T.-

Govt to address the Govt of India in the matter P.T.O.

for Draft ✓

2 32.

Fdl/6-53

II

Smdt. No. 87745-9/51-II ☐ 2-4-53.

Copy with a copy of the letter cited is communicated to the C.E.(E) in continuation of Govt's letter No. 87745-S/9/51-3 P.W. ☐ 22-4-52. He is requested to report on the extent of profits earned by the Govt. of Mysore ~~before~~ 26-1-50, if it is known.

pp 17-18 ☐

To the C.E.(E) with a copy Draft I + pp 27-29 ☐

DY 31/3/53

TPS 1453

2/6/53.

Telephone No. 2110
In Reply Refer to
No. B-662/4354
ENCLO.
elegraphic Address :
"GOMED"
CODES USED
BENTLEY'S LIEBER'S
A. B. C. 6th EDITION
BUSINESS TELEGRAPH CODE

GOVERNMENT OF MYSORE
ELECTRICAL DEPARTMENT

33

OFFICE OF THE CHIEF ELECTRICAL ENGINEER
Post Bag No. 15

38634

Bangalore-1, 23 April, 1953
(Mysore, S. India)

The Secretary to Government,
Public Works Department,
Government of Madras,
Fort St. George, M A D R A S.

Sir,

Subject:- Liability to Tax - Mysore State Silk Filatures Factory, Kollegal.

In inviting kind reference to letter No.EDS.5160/Elecl. 121-52-8 dated 13-2-1953 of the Secretary to the Government, Electrical Department (Mysore), Bangalore, addressed to you, I write to state that the marginally noted amounts paid by this Department towards the income tax on the Power Supply to Kollegal Silk Filatures should be reimbursed by the Madras Government, as per Clause 17 of the agreement for Power Supply. The bills have already been sent to the Sericultural Expert, Kollegal Silk Filature. Outstanding of these amounts are seriously being objected to in audit. Kindly arrange for their refund through the concerned authorities or adjust credit to this Department.

1948-49	Rs.811-4-0
1949-50	Rs2149-5-0
1950-51	1769-9-0

A very early action to settle this long standing transaction will highly oblige.

Yours faithfully,
G. Chandy 23/4
(G.CHANDY),
Chief Electrical Engineer.

2 drafts

I

P.W.(9.)

Letter No. 87745-9/51-12 dt 30-4-53

To

The Secretary to the Govt. of Mysore
Electrical Department, Bangalore

Sir, 1.5.53

Sub:- Electricity - Supply to Kollegal by Mysore Govt. - Payment of Income-tax

Ref:- From the Chief Electrical Engineer, Govt. of Mysore, No: B-662/4354 dt 23-4-53

p 33 cf

With ref. to the letter cited, I am directed to invite your attention to this Govt's. letter No. 87745-9/51-10 P.W. dt 2-4-53 and request that the particulars asked for therein together with the information for 1948-49 may be furnished early.

p. 31 cf

1.5.53

The C.E.E.,
Bangalore.

By
28/4/53

30.4.)

~~36~~

II

Endt. No. 87745-9/51-13 dt 30-4-53.

Copy with a copy of the letter cited is forwarded to the C.E.(E). He is requested to expedite his reply to Govt. Endt. No. 87745-9/51-11 P.W. dt 2-4-53.

by
29/4/53

JD
30/4

p 32 of

To The C.E.(E)
with a copy of Draft I
and p. 33 of

Rd. 1-5-53

Government Electricity Department

From

The Chief Engineer for Electricity,
157, Mount Road, Madras 2.

ASSISTANT SECRETARY TO GOVERNMENT
26 MAY 1953
PUBLIC WORKS DEPARTMENT

The Secretary to Government,
Public Works Department,
Madras 9.

48228

No .735-E/49-10 dated 20th May,53

Sir,

Sub: Electricity - supply to Kollegal by Mysore Government - payment of income-tax.

p.32 ante
p.36 ante

Ref: Government Endorsements No.8774-I/51-11 PW dated 2.4.53 and No.87745 I/51-13 dated 30.4.53

--

The profits earned by the Government of Mysore for 1949-50 and 1950-51 prior to 26.1.50 in respect of supply to Kollegal is not known to this office.

P.W.(J.)

This may be filed and the reply from Mysore to the letter on p.35 ante may be awaited till 15-6-53

30/5/53

30/5/53

for CHIEF ENGINEER FOR ELECTRICITY

21/5

Letter No. 87745-9/S1-14. M.26-6-53

To

The Secretary to the Govt of Mysore,
Electrical Department,
Bangalore

Sir,

Sub:- Electricity - Supply to Kollegal by Mysore Govt - Payment of Income-tax

Ref:- This Govt's letter No. 87745-9/S1-12 P.W. M/30-4-53

I am directed to invite attention to the letter cited and to enquire when a reply may be expected.

Yours

25/6/53

P.W. (91)

Letter No. 87745-9/51-15 Dt 27-7-53

To

The Secretary to the Govt. of Mysore
Electrical Department,
Bangalore

28/7/53

Sir,

Sub:- Electricity — Supply to Kollegal by Mysore Govt. — Payment of income tax

Ref:- This Govt's letter No. 87745-9/51-12 P.W. Dt 30-4-53 and reminder letter No. 87745-9/51-14 P.W. Dt 26-6-53

I am directed to enquire when a reply may be expected.

27/7

Y.f.

Letter No. 87745-9/51-16 M 5-9-53

To

The Secretary to the Govt. of Mysore
Electrical Department
Bangalore

Sir,

Sub:- Electricity - Supply to Kollegal by Mysore Govt. - Payment of income tax -

Ref:- This Govt's letter No. 87745-9/51-M 30-4-53 and reminder letters No. 87745-9/51-14 P.W. M 26-6-53 and No. 87745-9/51-15 P.W. M 27-7-

₹ 35 c/f
₹ 39 c/f
₹ 40 c/f

I am directed to enquire when a reply may be expected.

By
4/9/53

9

43

GOVERNMENT OF MYSORE.

Mysore Government
~~General and Revenue~~ Secretariat,

No. EDS.2359/Elect 121-52-19 *Dated Bangalore, 14th September 1953.*

FROM

The Secretary to the Government of Mysore,
Electrical Department.

To The Secretary to Government,
Public Works Department, Government of Madras,
SIR, 82758 Fort St.George, Madras.

Subject: Electricity - Supply to Kollegal by the Government of Mysore - Payment of Income-tax.

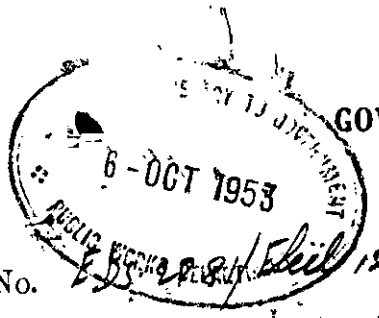
-:0:-

With reference to the correspondence ending with your letter No.87745-I/51-12, dated the 30th April 1953 on the above subject, I am directed to state that it is not clear why the particulars referred to in your letter No.87745-I/51-10, dated 2nd April 1953 are being called for. Under Clause 17 of the Agreement the Government of Madras have to reimburse the Government of Mysore to the extent of Income-tax paid. I am to add that when intimation is given that a certain amount of Tax has been assessed and paid, that should provide sufficient material for the Govemment of Madras to act upon. I am therefore to request you to make immediate arrangements for the reimbursement of the Income-tax paid by this Government.

Yours faithfully,

(D.K.Srinivasachar)
SECRETARY TO GOVERNMENT
ELECTRICAL DEPARTMENT

MAB.3.



GOVERNMENT OF MYSORE.

Mysore Government
General and Revenue Secretariat,

No. EDS 2359/Elecl/121-52-R. *Dated, Bangalore* 5th October *195* 3.

FROM 88542

The *Secretary to the Government of Mysore,*
Electrical Department

To

The Secretary to Government,
Public Works Department, Government of Madras
Fort St.George, Madras.

Sir,

Subject: Electricity - Supply to Kollegal by the Government of Mysore - Payment of Income-tax.

- - - pleased

I am directed to invite reference to this Government's letter No.EDS.2359/Elecl.121-52-19, dated the 14th September 1953 on the above subject, and to request you kindly to intimate the stage of the question.

Yours faithfully,

5/10/53

(H.Channiah)
For Secretary to Government
Electrical Department

V.U.

Letter No:87745-S/I/51-7 d. 21.10.53

To

The Secretary to the Govt of Mysore,
Electrical Department,
Mysore Government Secretariat,
Bangalore.

Sir,

Sub: ELECTRICITY - Supply to Kollegal by the Government of Mysore - Payment of income-tax.

====

Ref: Your letter No.EDS/2359/Elecl 121-52-19 d.14-9-1953

====

I am directed to invite reference to your letter cited, and to state that the contention of this Government is that no income-tax is leviable on the income which accrued to the Mysore State in respect of the supply of power to the Kollegal Silk filatures from 26th January 1950 onwards, in view of the facts stated in this Government's letter No.87745-S/I/51-3 dated 22-4-1953. It is therefore necessary to know what part of the profits earned in the year 1949-50 is legally assessable to income-tax by the Central Government, in order to take up the matter with that Government.

I am also to request you to state whether the figures furnished in letter No.B.662/4354 dated 23-4-1953 from the Chief Electrical Engineer of your Government (copy enclosed) are the taxes assessed in each of the years

p.t.o

1948-49, 1949-50 and 1950-51 in respect of the profits earned in the financial years 1947-48, 1948-49 and 1949-50 respectively.

Y.f.

21.10.53

for S

19.10.53

19.10.53

Enclosure: Copy of p.33 of

49 P.W.(F.)

Letter No. 87745 I/51. 18 dt 15.1253

To

The Secretary to the Govt of Mysore,
Electrical Deptt.
Mysore Govt. Secrt.
Bangalore

Sir,

Sub: Electricity Supply to Kollegal by the Govt of Mysore. Payment of Income Tax.

Ref: Their Govts letter No. 87745 S/I.51.17 PW dt 21.10.1953

I am directed to enquire when a reply to this Govts letter initd may be expected.

15.1253

15.12.53

20 15/12/53

P.W.D(I-1)

Letter No. 87765-I/51-19 dt 19.1.54

To The Secy. to the Govt. of Mysore
Electrical Dept.
Mysore Govt. Secty. Bangalore

Elecy. Supply to ✕ Illegal by the
Govt. of Mysore Payment of income tax.
Ref:- This Govt's letter No. 87765-S/I-17 dt 21.X.53 and reminder letter thereon dt 15.12.53. p.47-48 ante p.49 ante

I am directed to enquire whether a reply to this Govt's letter cited may be expected.

19.1.54 20/1/54 19.1.54 RD 20/1/54

P.W.D (E.I)

61

Letter no 8774 5 I/51-20 d 22-2-54

To

The Secy to the Govt of Mysore,
Electrical Department,
Mysore Govt Secrt, Bangalore

Sir,

Sub:- Elec'y - supply to Kollegal by Govt of Mysore - Payment of income-tax.

Ref:- This Govt's lr no 8774 5-S/I/51-17 P.W.D dt 21-X-53 and reminder lrs thereon dated 15-12-53 and 19-1-54

I am directed to enquire when a reply to this Govt's letter cited may be expected.

4.F

0)341 1/53/

GOVERNMENT OF MYSORE.

No. EDS 5457/Elect 121-52

Mysore Government Secretariat,

Dated, Bangalore, 6th March 1954.

ASST. SECRETARY TO GOVERNMENT
9 - MAR 1954
PUBLIC WORKS DEPARTMENT

FROM

The *Secretary to the Government of Mysore,*
Electrical Department.

19469

To

The Secretary to Government of Madras,
Public Works Department,
Fort St. George, Madras.

Sir,

Subject:- Electricity Supply to Kollegal by the Government of Mysore - Payment of Income-Tax.

***

With reference to your letter No.87745-I/51-20 dated 1.5.54 on the 22nd February 1954 on the above subject, I am directed to state that the question is under consideration and a reply will be sent to you as early as possible.

Yours faithfully,

P.W.D (I,I)
A. R. Fill. 10-6-54

(H. Channiah) 5/3/54
For Secretary to Government,
Electrical Department.

9.3.54
9/3/54
1735

vh.2.

29269 4

GOVERNMENT OF MYSORE.

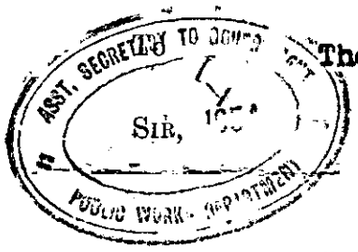
Mysore Government
Secretariat,

No. EDS- Elecl- 121-52 -

Dated Bangalore, 7th April 195 4.

FROM

The Secretary to the Government of Mysore,
Electrical Department.



The Secretary to the Government of Madras,
Public Works Department,
Fort St.George,
MADRAS.

SIR,

Subject: Electricity - Supply to Kollegal by the Government of Mysore - Payment of Income-tax.

- - -

In continuation of this office letter No.EDS.5457/Elecl.121-52, dated the 6th March 1954 on the above subject, I am directed to confirm your presumption in para 2 of your letter dated 21st October 1953 and to request you kindly to make arrangements for the immediate payment of the balance amount for the year 1949-50 up to 25th January 1950.

Yours faithfully,

(H.Channiah)
For Secretary to Government
Electrical Department

Draft I

P.W.D.(I-)

Memo. No. 87745-I/51-23 dated 23-6-

SUB: ELECTRICITY - Supply to Kollegal by the Government of Mysore - Payment of Income-Tax.

REF: From the C.E.(E) No.735-E/49-19, dated 2.11.1951.
From the Chief Electrical Engineer, Mysore No.B.662/4354, dated 23.4.1952.

A copy of the letter cited from the Chief Electrical Engineer, Mysore, is forwarded to the C.E.(E). With reference to clause 17 of the agreement for supply of Mysore power to Kollegal, he is requested to arrange for the reimbursement to the Mysore Government of the income-tax assessed on that Govt. in 1948-49 and 1949-50 (viz. Rs.811-4-0 plus Rs.2149-5-0 = Rs 2960-9-0 on the income derived by them during 1947-48 and 1948-1949 from the supply of power to the Silk Filatures at Kollegal, if the amount has not already been paid to the Government of Mysore.

2. Orders in regard to reimbursement to the Mysore Govt. of the income-tax assessed on that Govt. in 1950-51 for the year 1949-50 will be issued separately.

To
The C.E.(E) (with encl.)
3 S/cs.

Draft I

P.W.D.(I-1).

Memo. No. 87345 I/51-23 dated 23-6-52

SUB: ELECTRICITY - Supply to Kollegal by the Government of Mysore - Payment of Income-Tax.

REF: From the C.E.(E) No.735-E/49-19, dated 2.11.1951.
From the Chief Electrical Enginee Mysore No.B.662/4354, dated. 23.4.1952.

A copy of the letter cited from the Chief Electrical Engineer, Mysore, is forwarded to the C.E.(E). With refere to clause 17 of the agreement for supply of Mysore power to Kollegal, he is requested to arrange for the reimbursement to the Mysore Government of the income-tax assessed on that Govt. in 1948-49 and 1949-50 (viz. Rs.811-4-0 plus Rs.2149-5-0 = Rs 2960-9-0 on the income derived by them during 1947-48 and 1948-1949 from Re ~~on account of~~ supply of power to the Silk Filatures at Kollegal, if the amount has not already been paid to the Government of Mysore.

2. Orders in regard to reimburse ment to the Mysore Govt. of the income-tax assessed on that Govt. in 1950-51 f the year 1949-50 will be issued separately.

11.5.52 11.5.52 13/5/52 14/5/52

To

The C.E.(E) (with encl.)
3 S/cs.

DRAFT 11.

P.W.D.(I-1).

Letter No. 82245-I/5-1-24 dated 23-6-54

To

The Secy. to the Govt. of Mysore,
Electrical Department,
Mysore Govt. Secretariat,
BANGALORE.

Sir,

SUB: ELECTRICITY - Supply to Kollegal by the Govt. of Mysore - Payment of income-tax.

REF: Your letter No.EDS-63/ Elecl.121-52, d/7.4.1954.

With reference to your letter cited, I am directed to request that this Government may kindly be informed of the amount actually assessable as income-tax on the income earned by the Govt. of Mysore for the year 1949-50 upto the 25th January 1950, from ~~on account of~~ the supply of power made by them to the Silk Filatures of this Govt. at Kollegal.

Y.F.

b)

PWD(T.I)

Letter no 87245 I/87-25 dt 27.7.87

To

The Secy to the Govt of Mysore,
Electrical Deptt,
Mysore Govt Secretariat
Bangalore.

Sir,

Sub: Elec Supply to Kollegal by the Govt of Mysore
Payment of income-tax

Ref: This Govt's letter no 87245 I/87-24 PW dt 23.6.87

I am directed to

362

enquiries when the Mysore Govt's reply to this Govt's letter cited may be expected

26.7.52

26-7-52

27.7.52

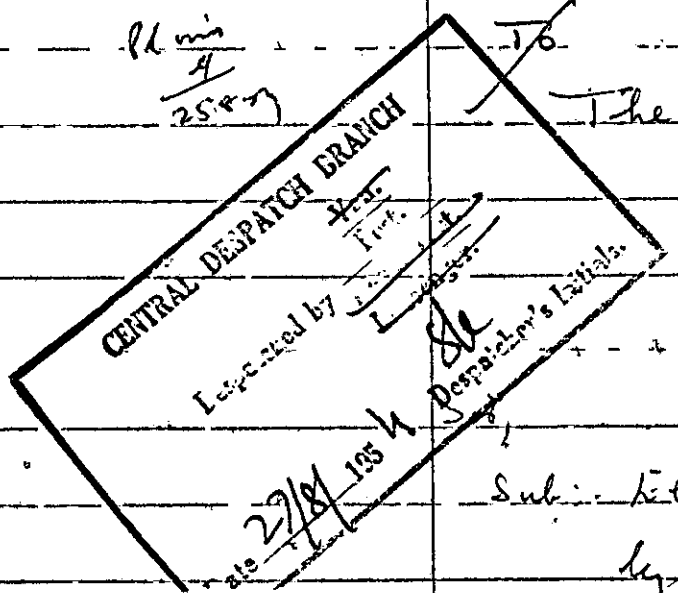
Y.F

63. PWD (DI)

Letter no 87765 D/87-1-26 d 25-8-87

11 min
4
25-8-87

16



The Secy to the Govt of Mysore,
Electrical Department,
Mysore Govt Secretariat,
Bangalore

Sub:- Elecy Supply to Kollegal
by Govt of Mysore —
Payment of Income-tax

Ref:- This Govt's Letters no
87765 D/87-24 PWD 23-6-87
and no. 87765 D/87-25 PWD dt
27-7-87

pcsy
pbcy

6.4.

I am directed to enquire when the Mysore Govt's reply to this Govt's letter first-cited may be expected.

25.8.54 25.8.54 25.8.54

Y.F

RO 25.9.54.

GOVERNMENT OF MYSORE.

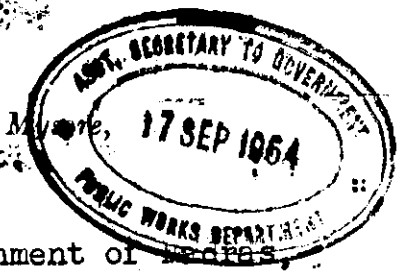
Mysore Government Secretariat,

NO. [illegible] Dated, Bangalore, 16 Sept. 1954

73121

FROM

The Secretary to the Government of Mysore,
Electrical Department.



To

The Secretary to the Government of Madras,
Public Works Department,
Fort St. George, Madras.

S i r,

Subject:- Electricity- Supply to Kollegal by Government of Mysore - Payment of Income-tax.

With reference to your letter No.87745-I/51-26 dated the 25th August 1954 on the above subject, I am directed to state that the amount actually assessable as Income-tax on the income earned by the Government of Mysore for the year 1949-50 upto the 25th January 1950 from the supply of power made by them to the Silk Filatures of the Government of Madras at Kollegal, as arrived at by the Income-tax Officer,

Yours faithfully,

(H. Channaiah) 15/9/54
for Secretary to Government,
Electrical Department.

DRAFT I. 67

P.W.D.(I-1).

Memo. No. 87745-I/51-28 dated 30/9/54

SUB: ELECTRICITY - Supply to Kollegal by the Govt. of Mysore - Payment of income-tax.

p 57 cf

REF: Govt. Memo. No.87745-I/51-23, dated 23.6.1954.

--

para 2 p 6 n.f

With reference to para 2 of the memo. cited, the C.E.(E) is informed that this Govt. are liable to reimburse the Mysore Govt., the income-tax assessed on that Govt. for 1949-50 only in respect of the period from 1.4.1949 to 25.1.50. The amount actually assessable as income-tax for this period as arrived at by the Income-tax Officer, Erode, is reported to be Rs 1,454-9-0. The C.E.(E) is requested to arrange for the reimbursement of this amount to the Mysore Govt. at an early date.

X m p 65 cf

23/9/54 23.9.54 24.9.54 29/9/54

To

The C.E.(E).

4/10

DRAFT II.

Letter No. 87745-I/51-29 dated 30.9.54

To

The Secy. to the Govt. of Mysore,
Electrical Department,
Mysore Govt. Secretariat,
BANGALORE.

4/10

Sir,

SUB: ELECTRICITY - Supply to Kollegal by Govt. of Mysore - Payment of Income-tax.

p 65 cf

REF: Your letter No.EDS.3210/Elecl. 121-52-38, d/ 16.9.54.

--

I am directed to state that instructions have been issued by this

p.t.o.

Government to the C.E.(E), Madras, to arrange for the reimbursement to the Mysore Govt. of the following amounts of income-tax assessed on the income earned by them during the years 1947-48 to 1949-50 from the supply of power made by them to the Silk Filatures of this Govt. at Kollegal:-

1947-48.	.. Rs	811	4	0
1948-49.	.. Rs	2,149	5	0
1949-50 (For the period up to 25.1.50).	Rs	1,454	9	0

Y.F.

P.W.D.(S-1)

Electricity - Supply to Kollegal by Mysore Govt.- Payment of income tax.

Ref: From the Govt. of Mysore No.29988 dated 11-10-51
From the C.E.(E) No.735-E/49-19 dated 2-11-51.
From the Govt. of Mysore No.33886 dated 7-11-51.

Please see the letter from the Chief Electrical Engineer, Govt. of Mysore and its enclosures on pp.1-7 c.f., the C.E.(E)'s remarks thereon at p.9 c.f. and the further letter from the Chief Electrical Engineer, Mysore on pp.11-15 c.f.

2. The Chief Electrical Engineer, Govt. of Mysore has forwarded to this Govt. 2 bills for Rs.2149-5-0 and Rs.1769-9-0 being the amounts of income tax paid towards the revenue on the supply of electricity to the silk filature factory at Kollegal for the years 1949-50 and 1950-51 respectively. He has requested that necessary arrangements may be made for the payment of the amounts in question to the Elecy.Dept. of the Govt. of Mysore in pursuance of clause 17 of the agreement between the two Govts. now under renewal.

3. Under clause 17 of the agreement between the two Govts. relating to supply of electricity to Kollegal by the Mysore Govt., the consumer (Madras Govt) should reimburse the supplier (Mysore Govt) the amount of any income tax that may have to be paid by the supplier in respect of the earnings made by the supplier under the agreement. While it is clear in the second bill on p. 13 c.f. that the sum of Rs.2149-5-0 represents the income tax amount paid to the Income Tax Officer, Erode towards the revenue on the supply of electricity to the Silk Filature Factory at Kollegal for the year 1949-50, the bill first received along with the letter on p.1 c.f. and which was referred to the C.E.(E) for remarks refers to an amount of Rs.1769-9-0 being the income tax paid to the Madras Govt. on the power supply for the year 1950-51. The

C.E. has stated with reference to this bill on p.5 c.f. that as the income tax is payable to the Central Govt. and as the claim is therefore not clear, the Mysore Govt. may be requested to furnish further details as to how the amount has been arrived at. He does not understand how income tax is leviable on the Mysore Govt.Elecy.Dept. for supply of electricity to this Dept. since the Madras Govt. may also have to pay tax on the bulk supply given by this Dept. to Travancore.

4. The agreement between Mysore and Madras for power supply at Kollegal was executed on 6.8.47. As is apparent from the C.E.'s letter on p.9 c.f., the Mysore Govt. have not put in any such claim previously for reimbursement of income tax. It may also be inferred from the C.E.'s letter that the Madras Elecy.Dept. is not paying any income tax on the bulk supply given to Travancore. As pointed out by the C.E.(E), it is doubtful whether income tax is at all leviable on the supply of power by Mysore to Madras, i.e., on inter-Government transactions. Before addressing the Mysore Govt. for clarification as suggested by the C.E.(E), Finance may see for remarks ~~on~~ with reference to 'A' above.

A

19/11/51. 19.11.51 20/11/51

Legal may also see. 20/11/51.

Lin
Legal (Op)

p/s. put up on answer file since sent to legal (CT no 4912 S/41)

p9 CF

Really this qn is whether a Govt concern should pay S. Taxes. This question was being discussed at Delhi but I do not know the outcome.

Pwno 877455/51-2.
20-11-51.

Finance(Budget-General)Deptt.

The Mysore Government has claimed reimbursement of the income-tax paid by them for the year 1949-50 and 1950-51 on the income derived by them by sale of power to this Govt. for consumption in the Kollegal area. The total amount of the 2 claims is Rs 3,918-14-0. The claim is in accordance with para 17 of the agreement existing between the two Governments and will prima facie have to be admitted.

In this connection, P.W. have raised the question whether the levy of income-tax on the income derived by a Government concern is in order. Under Article 289(1) of the Constitution the property and income of a State shall be exempted from Union taxation, and this will apply also to Part B States. However, Article 289(2) permits the Parliament to impose any tax in respect of a trade or business of any kind carried on by the State Government. But this clause will not apply to any trade or business which may be declared to be incidental to the ordinary functions of Government.

While the Constitution was in the draft stage, representation was made by this Government that Art.289(2) should be omitted. But an assurance was given by the Govt.of India to the effect that the electricity undertakings, irrigation, etc. undertakings will be declared to be incidental to the ordinary function of Government. So far, the Government of India have not imposed any tax on trade or business of the State Government nor have they declared any trade or business as incidental to the ordinary functions of Government. In fact, no legislation seems to have been undertaken under Art. 289(2) yet. It is not known whether the levy of income-tax would be made in order in respect of the income earned before the Mysore State acceded to the Indian Union, ~~If the presumption is correct the tax levied for 1950-51 should be withdrawn.~~ though it would not be in order in respect of the income earned afterwards, until such time the necessary legislation is enacted under Art. 289(2).

The Mysore Government may be requested to state whether they have actually paid the income-tax referred to in the bills and if so whether they have not taken up the question of refund or exemption with the Government of India with reference to the

4/

P.6

~~Article 289~~

The case may be passed on to Legal.

~~ADS~~
11.12.51

~~ADS~~
12
11/12/51

Legal (Mining)

Fin. 20.8.5880 Pt. 4/1

11-12-51.

O/A.S.

Art. 289 (1) of the Constitution governs the case. The result is that from the Commencement of the Constitution and until Parliament enacts a law under art 289 (2), the income of a State is exempt from Union ~~taxation~~. This dept agrees with Finance that the Mysore State may be left to take up the question with the G/I in so far as the tax relates ~~to~~ to the period from 26/1/1950. The Mysore Govt is liable to pay for the previous period.

KCMK
29/11/51

I should like to see the file referred to at M on the previous page. Will Finance please put it up also the Constituent Assembly discussions on the Article, if readily available with them.

Fin. 29/1/52

Finance (Budget-Genl)

Legal U.O.No. 21548/51

30-1-52

(Previous Finance notes on pages 3-4 above).

Further notes on page 4 above may be perused. No papers regarding the Constituent Assembly's discussions are available in this department.

When the Article relating to the exemption of the State's Income from Union taxation was in the draft stage, Hon'ble Sri B.Gopala Reddi, as a member of the Constituent Assembly proposed an amendment for omitting the proviso relating to the power of the Union Government to tax any trade or business undertaken by the State Government. As the Finance Minister resigned his membership in the Constituent Assembly, the amendments were to be moved by Sri Ananthasayanam Iyengar. But the amendment was not actually moved in the Assembly in view of the assurance given by the Government of India during the personal discussion between the officials of this Government and those of the Government of India that ~~xxxx~~ electricity, irrigation,etc.undertakings will be treated as incidental to the ordinary functions of the Government.

With these remarks, the case may be returned to Legal

18.2.52 19.2.52 20.2.52

Legal(opinion)

Fin.20.ro 6303.BG-52-1 21.2.52.

ASSISTANT SECRETARY 2773 25 FEB 1952 LEGAL DEPARTMENT

Constitution DS

Legal (Constitution)Department.

matter does not stand merely with the assurances given in the course of personal discussions between the officials of this State and those of the Government of India. The assurance was repeated on the floor of the Constituent Assembly by Dr.John Matthai who was a memb of the Government of India at that time, in the following terms:-

"...I would therefore give this assurance not mere on behalf of the Central Government, but I know I can give this assurance also on behalf of the Drafting Committee who are responsible for this provision that i is not our intention to levy any tax of the kind referred to in this provision, upon industries run by States whose object is to produce services of

02 IX.IVD:0 nstituent Assembly ... intro page 470 9-9-1949

a public utility character."

It is clear that the levy of the tax for the year 1950-5 that is to say, for the period from the 1st April, 1950, to the 1st April, 1951, was inconsistent with this assurance. The Government of India will no doubt refund the amount to the Government of Mysore on their attention being drawn to this matter.

2/ As regards the tax levied for the year 1949-50, at least a portion of the period of assessment (1-4-1949 to 31-3-1950) falls after the commencement of the Constitution, viz., the period from the 26th January 1950. So far as this period is concerned the assessment was clearly inconsistent with the assurance. Again, it is a matter of considerable doubt whether the income derived during the period before the 26th January 1950, not having been assessed before the commencement of the Constitution, can be assessed for the first time long after the commencement of the Constitution. No definite liability has been fastened on the Mysore State by making an assessment on the income in question before the 26th January 1950. It is not easy to say how a liability can be fastened upon that State for the first time on the 17th August 1951 when only the notice was served on the Mysore Government by the Income-tax Officer.

3/ Mysore have not resisted this liability presumably because they thought it could be passed on to this Government for payment. We may draw the attention of the Mysore Government to Article 289 and to the assurance given by Dr. John Matthai and explain the legal position in other respects as in the above note. Mysore should write to the Government of India requesting them to withdraw this demand and refund to the Mysore Government, the sums collected from them.

A

KVR 7/4/52

Finance

P W D

Leg. U.O. 2773/52-1
8.4.52

ADDITIONAL DEPUTY SECRETARY
8 APR 1952
2648
FINANCE DEPARTMENT

File (BG.)

(Last Finance note on p 5 above)
Finance may agree with the views of the Legal Secretary on p 6 above.

14/4/52 13/4/52

Fin. u.o. 26484 BG/52 PW

ASSISTANT 13/4/52 16 APR 1952

P.W (G.)

Please see the notes of Legal and Fin. on pp 3-7 above. A draft letter to the Govt of Mysore as suggested by Legal is submitted for approval.

21/4/52. 22/4/52

Done 22/4/52

pp 17-18 ante [Issued letter No. 87745-S/9/51-3 dt 22-4-52]

** **

The file relates to the question of reimbursing the Govt. of Mysore the amounts of income tax paid by them on the revenues realised from the supply of electricity to the Silk Filature Factory at Kollegal. In the letter dt 22-4-52 at pp 17-18 ante, the Mysore Govt. were asked to take up the matter with the Govt. of India to withdraw the demand for tax and refund the sums, if any, collected from Mysore. In their letter dt 4-8-52 at p. 21 ante, the Mysore Govt. have stated that the Govt. of India have been addressed in the matter. So far, no further communication has been received from Mysore in the matter. However, in their letter dt 21-11-52 relating to the completion of the renewal agreement relating to bulk supply to Kollegal, the Mysore Govt. have referred to the reminder letter of this Govt. at p. 24 ante. Since it is for Mysore to take further action in the matter, this file may perhaps lie over till 5-1-1953 or till a further

p 15 ante of Z/F

communication is received from Mysore, whichever is earlier.

DB 26/1/53.

25/1/52

The Govt of Mysore may perhaps be reminded. A draft letter is submitted

DB 7/2/53

Issued as Letter No. 84745-I/51-8 dated 7.1.1953.

From the Government of Mysore, Electrical Department. Lr. No. EDS. 5160/Elect. 121-52-10 dated 13.2.53.

The file relates to the question of reimbursing the the Govt. of Mysore the amounts of incometax paid by them on the revenues realised from the supply of electricity to the Silk Filature Factory at Kollegal. In the letter d.22.4.52 at pp.17-18 c.f., the Mysore Govt. were asked to take up the matter with the Govt. of India to withdraw the demand for tax and refund the sums, if any collected from Mysore. The Govt. of Mysore addressed the Govt. of India in the matter and they have now forwarded a copy of the Govt. of India's reply and have requested reimbursement of the amount of incometax on the energy to the Kollegal Silk Factory supplied by them. The Govt. of India have merely stated that assuming that the assessment for the year 1950-51 was in respect of the profits earned before the 26th January 1950, the assessments in question for the years 1949-50 and 1950-51 are valid in law and that the proper course for the Mysore Govt. would be to request the Madras Govt. for reimbursement in terms of clause 17 of the Agreement. The remarks of Finance and Legal (Op.) may be obtained.

pp 17-18 c/f

pp 27-29 c/f

29 c/f

(F)

Perhaps we may take up the matter direct with the Govt. of India.

DB 23/2/53

DB 27/2/53

A/ Warner Bank C-E (E) and Myers to report on the extent of forgeries caused by Myers before 28.1.53. and their address in India.

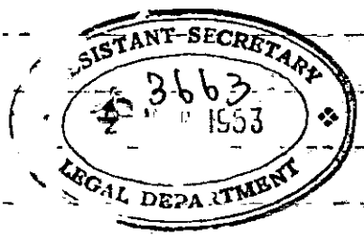
28/2/53

Legal (Opinion)

Fin.

P.W.D. No. 87745-9/51
28.2.1953

Legal (Opinion)



This dept. agrees to the course suggested by the P.W.D. Secy, above.

Legal No. 3663/53-1
14.3.53

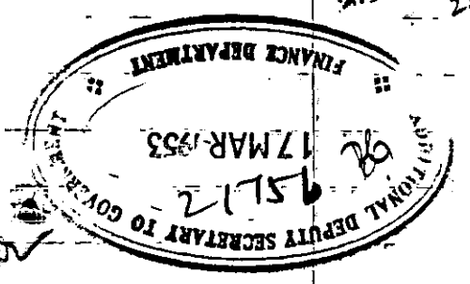
14/3/53

(Previous note of Fin. on p. 7 above)

The typed notes from p. 8 above may be perused. Fin. may also agree to the suggestion of the Secy, P.W. at 'A' above.

24/3/53

25.3.53



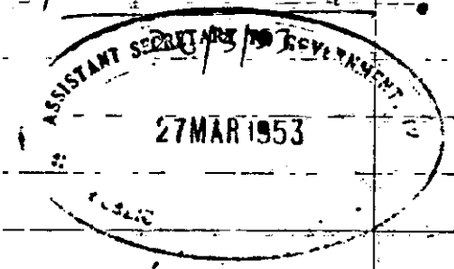
P.W. (S.)

Please see the notes of Legal & Fin. Depts. above.

With ref. to 'A' above, two drafts are submitted for approval.

Fin. No. 21756 BG/53

31/3/53



2/4/53

29421
p. 31 cf
p. 32 cf

[Issued letter No. 87745-9/51-10 dt. 2-4-53
and Instt. No. 87745-9/51-11 dt. 2-4-53]

P.W.(9.)

From the C.E.E., Electrical Department, Govt. of Mysore

No. B-662/4354 dt 23-4-53.

Please see the letter from the C.E.E. of the Govt. of Mysore at p.33 cf. It may be mentioned that it has been decided to take up the matter relating to payment of income tax on the supplies of power made by Mysore to Kollegal Silk Filatures and that before doing so the Govt. of Mysore & the C.E.(E) have been asked to report on the extent of profits earned by the Govt. of Mysore prior to 26-1-50 for the years 1949-50 and 1950-51. In the letter at p.33 cf, the C.E.E, Mysore has asked to reimburse the income tax paid by Mysore not only for 1949-50 and 1950-51 but also for 1948-49. Mysore may be requested to expedite the particulars already called for and also to report on the extent profits earned by them for 1948-49. The C.E.(E) may also be minded for a reply to the endt. dt 2-4-53 on p.32 cf. Two drafts are submitted for approval.

DB 30/4

4/53

Issued as letter No.87745-I/51-12 d.30-4-53 — p 35 cf
-do- Endt No.87745-I/51-13 d.30-4-53 — p 36 cf
From the C.E.(E), No.735 E/49-10 d.20-5-1953 — p 37 cf
From the Mysore Govt., Letter No.EDS.2359/Elecl 121-52.19 dated 14-9-1953. — p 43 cf

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The file relates to the question of reimbursing the Government of Mysore the amounts of income-tax paid by them on the revenues realised from the supply of electricity to the Silk Filature Factory of this Government at Kollegal. With reference to the note of the Legal Department on pages 5-6 ante, the Mysore Government were asked to take up the matter with the Government of India to withdraw the demand for tax and refund the sums, if any, collected from Mysore. On being addressed in the matter by the Government of Mysore, the Government of India have replied that assuming that the assessment of income tax for the year 1950-51 is in respect of profits earned before the 26th January 1950, the a

— p 17 to 18 cf

p 29 cf

contd.

the assessments for the year 1949-50 and 1950-51 are valid in law. They have suggested that the proper course for the Mysore Government would be to request the Government of Madras for reimbursement of the tax in terms of clause 17 of the Agreement. The Mysore Government forwarded a copy of the Government of India's letter and requested this Government to reimburse the amount of tax paid by them.

2. With reference to A above, this Department proposed to address the Government of India which after obtaining a report from the Mysore Government and the C.E.(E) on the extent of profits earned by Mysore before 26-1-1950. Legal Department and the Finance Department agreed to the proposal of this Department and the C.E.(E) and the Mysore Government were accordingly addressed. The C.E.(E) reported that the information was not available in his office. The Mysore Government have stated that it is not clear why the particulars have been called for. They have referred to clause 17 of the Agreement, according to which this Government have to reimburse the Government of Mysore to the extent of Income-tax paid. They have also pointed out that when intimation is given that a certain amount of tax has been assessed and paid that should provide sufficient material for this Government to act upon. They have therefore requested this Government to make immediate arrangements for the reimbursement of the Income-tax paid by them. Meanwhile, the Chief Electrical ~~Inspector~~ Engineer, Mysore Government, has reminded this Government for the reimbursement of the amount of income tax paid by the Mysore Govt.

p.t.o.

for the years 1948-49, 1949-50 and 1950-51.
Submitted for orders whether in view of the Mysore Government's reply as at 'B' ~~above~~ overleaf this Department may address the Government of India as already suggested. If so, the draft letter below is for approval.

3. Finance and Legal Departments may see before issue.

8/10/53. 8.10.53

Even though the Mysore govt could have done as at A on p 6 ante, it seems better first to reimburse the Mysore Govt the amount paid by that Govt in view of the letter at p 43 c.f. and then to carry on the negotiations with the Govt of India.

~~Why we are bound to~~

2 The G. I. letter at p 29 c.f. shows that the arguments of this Govt ~~G. I.~~ cannot be held in respect of the I. T. for the period prior to 26-1-50. It may not matter much ~~whether~~ even if that demand is made later than 26-1-50. ~~or not~~. But that demand cannot be upheld for the period after 25-1-50. So a part of 1949-50 and the year 1950-51 cannot come under the purview of the ~~old~~ old rate of demand. But the year 1950-51 also mentioned at p 29 c.f. refers presumably to the income tax year as different from the official† year. Legal may say whether the draft below has to be modified with refce to this point.

Vide Legal note on p 6 ante-para 2

† i.e. after 25-1.

† i.e 1949-

12.10.53 S/ Legal (Spm) Fin.

I do not think we need address the Government of India. We should on the contrary send a suitable reply to the letter from Mysore at p.43 c.f. which, in my opinion, is hardly the sort of letter that one State Govt. should address to another.

2. We may inform Mysore politely that our contention is that no income-tax is leviable on the income which accrued to the Mysore State in respect of supply of the power from 26th January 1950 onwards, in view of the facts stated in our letter dated 22-4-1952, and that it is therefore necessary to ascertain what part of the profits earned in the year 1949-50 is legally assessable to income-tax by the Central Government, in order to take the matter up with that Government.

pp.17-18 c.f.

We may also request the Mysore Govt. to state whether the figures given in their letter dated 23rd April 1953 are the taxes assessed in each of the years 1948-49, 1949-50 and 1950-51 in respect of the profits earned in the financial years 1947-48, 1948-49 and 1949-50.

P 33 C.F.

B

3. Issue draft to Mysore _ly.

2

6/3/10/53.

To AS.

A draft letter is submitted for approval.

19.10.53

21.10.53

19.10.53

Issued as letter No. 87745 I/51-17 dt 21-11

To AS

The Mysore Govt's reply to this Govt's letter at pp 47-48 CF has not yet been received they may perhaps be reminded on 25.11.53

25.11.53 25/11/53

25.11.53

(From the Govt. of Mysore letter No.EDS.63/
Elec1-121-52, dated 7.4.1954).

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The file relates to the question of reimbursing the Government of Mysore of the amount of income-tax paid by them on the revenues realise by them from the supply of electricity to the Silk Filature Factory of this Government at Kollegal. The question has arisen with reference to clause 17 of the agreement entered into between this Government and the Government of Mysore in regard to bulk supply of Sivasamudram power to Kollegal according to which the liability to reimburse such tax devolves on this Govt. In this connection, the notes of this Department on pp. 10-13 ante, the letter to the Mysore Government on pp. 47-48 c.f. and the reply from the Mysore Government on p. 55 c.f. may be perused.

vide pp 1-13 ante

2. With reference to 'B' on p. 13 ante, the Mysore Government have confirmed that the amounts mentioned in the letter dated 23.4.1953 from the Chief Electrical Engineer, Mysore, on p. 38 c.f. represent the taxes assessed in each of the years 1948-49, 1949-50 and 1950-51 in respect of the profits earned by Mysore in the financial years 1947-48, 1948-49 and 1949-50. As regards 'A' on p. 13 ante, the Mysore Government have not furnished the required information. They have, however, requested this Government to make arrangements for the immediate payment of the balance amount for the year 1949-50 upto 25.1.1950.

p 55 g

'L'

'M' p 55 g

3. From the position stated at 'L' above, it will be seen that the income-tax assessed in 1948-49 and 1949-50 (viz. Rs.811-4-0 and Rs.2149-5-0 respectively) was in respect of the income derived by the Government of Mysore during 1947-48 and 1948-49 from the supply of power to the Silk Filatures of this Government at

→ p 33 g

p.t.o.

Kollegal. As the assessment referred to above is in respect of income derived before the coming into forc of the Constitution, there does not seem to be any objection to reimburse the Mysore Government, in accordance with clause 17 of the agreement entered in with that Government, the income tax assessed on them in 1948-49 and 1949-50 (viz. Rs.811-4-0 plus Rs.2149-5-0 Rs.2960-9-0) for the supply made by them to this Government at Kollegal. The amount had not been paid to the Government of Mysore till 23.4.1953. But the statement of the Mysore Government at 'A' on p. 55 c.f. referred to at 'M' on p 14 ante, however, raises a doubt whether the above amount has since been paid by the Electricity Department to the Mysore Govt. The C.E.(E) may, however, be asked to arrange for the payment of the above amount to the Government of Mysore, if he has not already done so.

4. As regards the income-tax assessed in 1950-51 (viz. Rs.1,769-9-0) in respect of the income derived by the Mysore Government during 1949-50 on account of supply to the Kollegal Silk Filatures, attention is invited to para 2 of the Law Department note on p. 6 ante. It has been held by the Law Department therein that the Mysore Government are not liable to pay income-tax in respect of the income derived by them during the period from 26.1.50 to 31.3.50, and that the competency of the Government of India to assess income-tax in respect of income accruing to the Mysore Government from 1.4.49 to 25.1.50, after the Constitution had come into operation, is not beyond doubt. The Government of India have, however, contended in their letter on p. 29 c.f. that the assessment referred to at 'K' above is valid in law. Now, even assuming, that the Mysore Government were liable to pay the income-tax in respect of income for the period from 1.4.49 to

p.t.o.

to 25.1.50, it will not be possible for us to take action as suggested by them at 'M' on p. 14 ante, unless they indicate the exact amount of income-tax assessable in respect of the income derived by the Government of Mysore during the above period. The Mysore Government may, therefore, be requested to furnish the above information. In the meantime, the Law Department may be requested to advise again whether in view of the reply from the Government of India at p. 29 c.f., it would be worthwhile taking up with that Government the question referred to at 'K' on p. 15 ante.

5. With reference to paras 3 and 4 above, a draft Memo. to the C.E.(E) and a draft letter to Govt. of Mysore are submitted. Law (Opinions) Fin. may see for remarks before issue.

11.5.54. 13.5.54

14/5/54

Law (-)

Fin

DEPUTY SECRETARY TO GOVT. 63336 12 JUN 1954 FINANCE DEPARTMENT

P.W.D. No no 87745 A2/53-2) 14-5-54

Law Department

The legal position has been correctly tated in the Government of India's letter – copy t page 29 c.f.

Law 11-6-54.

11.6.54

ASSISTANT SECRETARY 15 MAY 1954 7917 LAW DEPARTMENT, MADRAS

Fin.

Finance

Law U.O.N.o 7917/54-1 12/6/54

(Last seen in Finance on p. 9 above)

The notes from p. 14 above ~~may be perused~~ and the drafts below may be perused.

16/6/54 17.6.54 18.6.54 18/6/54

Fin. U.O. 63336/BG/54 d/18.6.54
49229

SECRETARY TO GOVERNMENT
21 JUN 1954
PUBLIC WORKS DEPARTMENT

The notes of this & Law and the Fin Depts on pp 14 to 17 above may be perused.

The Law Dept have expressed the view that the legal position has been correctly stated in the Govt of India's letter on p. 29 ante. In the circumstances, it may not be worthwhile taking up with that Govt the question referred to at 'K' on p 15 ante. However, it seems necessary to have the information referred to at 'R' on p 16 ante for taking action as suggested by the Govt of Mysore at 'S' on p 16 ante. In the circumstances, the drafts below may now issue.

21.6.54 22.6.54

23/6/54

(Issued as memo. No.87745-I/51-23, dated 23.6.54 to the C.E.(E)).

Issued as letter No.87745-I/51-24, dated 23.6.54 to Govt. of Mysore.

From the Govt. of Mysore letter No.EDS.3210-Elecl./21-52-38, dated 16.9.1954.

The file relates to the question of reimbursing the Govt. of Mysore of the amounts of income-tax paid by them on the revenues realised by them during 1947-48, 1948-49 and 1949-50 from the supply of electricity to the Silk Filature Factory of this Government at Kollegal. The question has arisen with reference to clause 17 of the agreement entered into between this Government and the Govt. of Mysore in regard to the bulk supply of Sivasamudram power to Kollegal according to which the liability to reimburse such tax devolves on this Govt. The amount of income-tax assessed on the Mysore Govt. in this regard during these 3 years is as follows:-

	Rs	as	ps
1947-48. ..	811	4	0
1948-49. ..	2,149	5	0
1949-50. ..	1,769	9	0

The case has been examined in consultation with the Govt. of India, the Law and Finance Departments and it has been concluded that while this Govt. are liable to reimburse to Mysore in full the income tax paid by that Govt. for 1947-48 and 1948-49, in regard to the assessment for 1949-50, this Govt. need pay Mysore only the tax for the period from 1.4.1949 to 25.1.1950, since from 26.1.50, on which date the Constitution came into force, the Mysore Govt. are not liable to pay any income-tax on the revenues earned from the supply of electricity in question. The Mysore Govt. also have asked for reimbursement of the income-tax for 1949-50 only for the period up to 25.1.50. In their latest letter at p. 65 c.f., they have intimated that the amount of income-tax for the above period as arrived at by

by the Income-tax Officer, Erode, is Rs 1,454-9-0. With reference to 'L' on p. 18 ante, orders have already been issued to the C.E.(E) to arrange for the reimbursement to Mysore of the amounts of Income-tax paid by that Govt. for the 2 years 1947-48 and 1948-49 ~~only~~. Instructions may now be issued to him for payment to Mysore of the amount of Rs 1,454-9-0 also for 1949-50, i.e. upto 25.1.50, referred to at 'M' above.

2. A draft memo. to the C.E.(E) and a draft letter to Mysore are submitted for approval. fin mysm

23/9/54 23.9.54. 24.9.54

Fin

Finance (B.G.)

(Last seen in Finance on p. 17 above)
The note of P.W.D. on pp 18-19 above and the drafts below may be perused.

27/9/54 PW

P.W.D. 25 SEP 1954 100173

Fin no 100173/B-Gn/54-1
28.9.54.

P.W(G.)

The draft memo to the C-E(E) and the draft letter to the Govt of ~~C.E. Mysore~~ may now issue.

28/9/54 28/9/54. 29.9.54

SECRETARY TO GOVERNMENT 28 SEP 1954 PUBLIC WORKS DEPARTMENT

76047

Issued as memo no 87743 D/54-38 PWD 30-9-54
Issued as letter no 87743 D/54-38 PWD 30-9-54

... further action is called for in this file. The papers may be recorded in a C.O. for facility of future reference.

10-X-54 11.10.54

11.X.54

(The matter was taken up in the letters written in the name books in the years 1953)

Cco Ks nw 3555 dt 12.10.54

Elecy – Supply to Kollegal by Govt of Mysore – Payment of income-tax – Papers recorded.

10-X-54 11.10.54

28432 (E)

xtract of clause 17 of the agreement relating to supply of electricity to Kollegal by Mysore Govt. (now under renewal).

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17. The Consumer agrees to reimburse the Supplier :he amount of any income-tax that may have to be paid)y the Supplier in respect of the earnings made by the iupplier under this agreement.

/True extract/